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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
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SEC FILE NUMBER
8- 47052

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: U.S. Sterling Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

700 Veterans Memorial Highway

(No. and Street)

Hauppauge

NY

11788

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Herbert A. Orr Jr.

(631) 360-2829 X421

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATIONSEC Main Processing
Section

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

DePietro, Blum & Co.

Joseph P. DePietro CPAs PC

(Name - if individual, state last, first, middle name)

FEB 29 2008

Washington, DC

111

1981 Marcus Avenue Suite C114

Lake Success

NY

11042

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.**PROCESSED****MAR 20 2008****FOR OFFICIAL USE ONLY****THOMSON
FINANCIAL**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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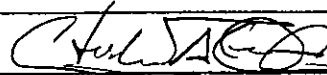
3/19

OATH OR AFFIRMATION

I, Herbert A. Orr Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of U.S. Sterling Securities, Inc., as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N/A

JESSICA BIANCHINO
Notary Public, State of New York
No. 01B16137943
Qualified in Suffolk County
Term Expires December 5, 2009



Signature

President

Title



Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

US STERLING SECURITIES INC.
Financial Statements
December 31, 2007

FORM X-17A-5	FOCUS REPORT (Financial and Operational Combined Uniform Single Report) Part IIA Quarterly 17a-5(a) INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17
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COVER

Select a filing method:

Basic ☒ Alternate ☐ [0011]

Name of Broker Dealer: U.S. STERLING SECURITIES, INC. [0013] SEC File Number: 8- 47052 [0014]
Address of Principal Place of Business: 700 VETERANS MEMORIAL HIGHWAY [0020]
HAUPPAUGE NY 11788 [0021] [0022] [0023] Firm ID: 35912 [0015]

For Period Beginning 10/01/2007 [0024] And Ending 12/31/2007 [0025]

Name and telephone number of person to contact in regard to this report:

Name: MICHAEL S. CARDELLO [0030] Phone: (631) 360-2829 [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: _____ [0032] Phone: _____ [0033]

Name: _____ [0034] Phone: _____ [0035]

Name: _____ [0036] Phone: _____ [0037]

Name: _____ [0038] Phone: _____ [0039]

SEC Mail Processing
Section

FEB 29 2008

Washington, DC
111Does respondent carry its own customer accounts? Yes ☐ [0040] No ☒ [0041]Check here if respondent is filing an audited report ☐ [0042]

ASSETSConsolidated ☐ [0198] Unconsolidated ☒ [0199]

	Allowable	Non-Allowable	Total
1. Cash	<u>24,056</u> [0200]		<u>24,056</u> [0750]
2. Receivables from brokers or dealers:			
A. Clearance account	<u>8,529</u> [0295]		
B. Other	<u> </u> [0300]	<u> </u> [0550]	<u>8,529</u> [0810]
3. Receivables from non-customers	<u> </u> [0355]	<u> </u> [0600]	<u>0</u> [0830]
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	<u> </u> [0418]		
B. Debt securities	<u> </u> [0419]		
C. Options	<u> </u> [0420]		
D. Other securities	<u> </u> [0424]		
E. Spot commodities	<u> </u> [0430]		<u>0</u> [0850]
5. Securities and/or other investments not readily marketable:			
A. At cost	<u> </u> [0130]		
B. At estimated fair value	<u> </u> [0440]	<u> </u> [0610]	<u>0</u> [0860]
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	<u> </u> [0460]	<u> </u> [0630]	<u>0</u> [0880]
A. Exempted securities	<u> </u> [0150]		
B. Other securities	<u> </u>		

	[0160]			
7. Secured demand notes market value of collateral:				0
	[0470]	[0640]		[0890]
A. Exempted securities				
	[0170]			
B. Other securities				
	[0180]			
8. Memberships in exchanges:				
A. Owned, at market				
	[0190]			
B. Owned, at cost		[0650]		
C. Contributed for use of the company, at market value		[0660]		0
				[0900]
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670]		0
				[0910]
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	[0490]	[0680]		0
				[0920]
11. Other assets	[0535]	54 [0735]	54	[0930]
12. TOTAL ASSETS	32,585 [0540]	54 [0740]	32,639	[0940]

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	<u> </u> [1045]	<u> </u> [1255]	<u> </u> [1470]
14. Payable to brokers or dealers:			<u> </u> 0
A. Clearance account	<u> </u> [1114]	<u> </u> [1315]	<u> </u> [1560]
B. Other	<u> </u> [1115]	<u> </u> [1305]	<u> </u> [1540]
15. Payable to non-customers	<u> </u> [1155]	<u> </u> [1355]	<u> </u> [1610]
16. Securities sold not yet purchased, at market value		<u> </u> [1360]	<u> </u> [1620]
17. Accounts payable, accrued liabilities, expenses and other	<u> </u> 500 [1205]	<u> </u> [1385]	<u> </u> 500 [1685]
18. Notes and mortgages payable:			<u> </u> 0
A. Unsecured	<u> </u> [1210]		<u> </u> [1690]
B. Secured	<u> </u> [1211]	<u> </u> [1390]	<u> </u> [1700]
19. Liabilities subordinated to claims of general creditors:			<u> </u> 0
A. Cash borrowings:		<u> </u> [1400]	<u> </u> [1710]
1. from outsiders	<u> </u> [0970]		
2. Includes equity subordination (15c3-1(d)) of	<u> </u> [0980]		
B. Securities borrowings, at market value:		<u> </u> [1410]	<u> </u> [1720]
from outsiders	<u> </u> [0990]		
C. Pursuant to secured demand note collateral agreements:		<u> </u> [1420]	<u> </u> [1730]
1. from outsiders			

			[1000]
	2. Includes equity subordination (15c3-1(d)) of		
			[1010]
D.	Exchange memberships contributed for use of company, at market value		0
		[1430]	[1740]
E.	Accounts and other borrowings not qualified for net capital purposes		0
		[1220]	[1440]
			[1750]
20.		500	0
	TOTAL LIABILITIES	[1230]	[1450]
			500
			[1760]

Ownership Equity

		Total
21.	Sole proprietorship	[1770]
22.	Partnership (limited partners [1020])	[1780]
23.	Corporations:	
	A. Preferred stock	[1791]
	B. Common stock	10
		[1792]
	C. Additional paid-in capital	75,114
		[1793]
	D. Retained earnings	-42,985
		[1794]
	E. Total	32,139
		[1795]
	F. Less capital stock in treasury	
		[1796]
24.		32,139
	TOTAL OWNERSHIP EQUITY	[1800]
25.		32,639
	TOTAL LIABILITIES AND OWNERSHIP EQUITY	[1810]

STATEMENT OF INCOME (LOSS)Period Beginning 10/01/2007
[3932]Period Ending 12/31/2007
[3933]Number of months 3
[3931]**REVENUE****1. Commissions:**

a. Commissions on transactions in exchange listed equity securities executed on an exchange	[3935]
b. Commissions on listed option transactions	[3938]
c. All other securities commissions	72 [3939]
d. Total securities commissions	72 [3940]

2. Gains or losses on firm securities trading accounts

a. From market making in options on a national securities exchange	[3945]
b. From all other trading	[3949]
c. Total gain (loss)	0 [3950]

3. Gains or losses on firm securities investment accounts

[3952]

4. Profit (loss) from underwriting and selling groups

[3955]

5. Revenue from sale of investment company shares

[3970]

6. Commodities revenue

[3990]

7. Fees for account supervision, investment advisory and administrative services

[3975]

8. Other revenue51
[3995]**9. Total revenue**123
[4030]**EXPENSES****10. Salaries and other employment costs for general partners and voting stockholder officers**

[4120]

11. Other employee compensation and benefits

[4115]

12. Commissions paid to other broker-dealers

[4140]

13. Interest expense

[4075]

a. Includes interest on accounts subject to subordination agreements

[4070]

14. Regulatory fees and expenses

[4195]

15. Other expenses3,325
[4100]

16. Total expenses	<u>3,325</u>
	[4200]
NET INCOME	
17. Net income(loss) before Federal income taxes and items below (Item 9 less Item 16)	<u>-3,202</u>
	[4210]
18. Provision for Federal Income taxes (for parent only)	<u>[4220]</u>
	[4222]
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above	<u>[4222]</u>
a. After Federal income taxes of	<u>[4238]</u>
20. Extraordinary gains (losses)	<u>[4224]</u>
a. After Federal income taxes of	<u>[4239]</u>
21. Cumulative effect of changes in accounting principles	<u>[4225]</u>
22. Net income (loss) after Federal income taxes and extraordinary items	<u>-3,202</u>
	[4230]
MONTHLY INCOME	
23. Income (current monthly only) before provision for Federal income taxes and extraordinary items	<u>-1,497</u>
	[4211]

EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

A. (k) ☐ [4550]
 (1)–Limited business (mutual funds and/or variable annuities only)

B. (k) ☐ [4560]
 (2)(i)–“Special Account for the Exclusive Benefit of customers” maintained

C. (k) ☒ [4570]
 (2)(ii)–All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)

Clearing Firm SEC#s	Name	Product Code
8- <u>1523</u> [4335A]	<u>FIRST SOUTHWEST COMPANY</u> [4335A2]	<u>A11</u> [4335B]
8- _____ [4335C]	_____ [4335C2]	_____ [4335D]
8- _____ [4335E]	_____ [4335E2]	_____ [4335F]
8- _____ [4335G]	_____ [4335G2]	_____ [4335H]
8- _____ [4335I]	_____ [4335I2]	_____ [4335J]

D. (k) ☐ [4580]
 (3)–Exempted by order of the Commission

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		32,139	
			[3480]	
2.	Deduct ownership equity not allowable for Net Capital			[3490]
			32,139	
3.	Total ownership equity qualified for Net Capital			[3500]
4.	Add:			
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0	[3520]
	B. Other (deductions) or allowable credits (List)			
		[3525A]	[3525B]	
		[3525C]	[3525D]	
		[3525E]	[3525F]	0
				[3525]
5.	Total capital and allowable subordinated liabilities		32,139	[3530]
6.	Deductions and/or charges:			
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	54	[3540]	
	B. Secured demand note deficiency		[3590]	
	C. Commodity futures contracts and spot commodities - proprietary capital charges		[3600]	
	D. Other deductions and/or charges			-54
		[3610]		[3620]
7.	Other additions and/or credits (List)			
		[3630A]	[3630B]	
		[3630C]	[3630D]	
		[3630E]	[3630F]	0
				[3630]
8.	Net capital before haircuts on securities positions		32,085	[3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
	A. Contractual securities commitments		[3660]	
	B. Subordinated securities borrowings		[3670]	
	C. Trading and Investment			

securities:

1. Exempted securities		[3735]	
2. Debt securities		[3733]	
3. Options		[3730]	
4. Other securities		[3734]	
D. Undue Concentration		[3650]	
E. Other (List)			
	[3736A]	[3736B]	
	[3736C]	[3736D]	
	[3736E]	[3736F]	
		0	0
		[3736]	[3740]
			32,085
10. Net Capital			[3750]

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**Part A**

11. Minimum net capital required (6-2/3% of line 19)	33
	[3756]
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with <u>Note(A)</u> .	5,000
	[3758]
13. Net capital requirement (greater of line 11 or 12)	5,000
	[3760]
14. Excess net capital (line 10 less 13)	27,085
	[3770]
15. Excess net capital at 1000% (line 10 less 10% of line 19)	32,035
	[3780]

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	500
	[3790]
17. Add:	
A. Drafts for immediate credit	
	[3800]
B. Market value of securities borrowed for which no equivalent value is paid or credited	
	[3810]
C. Other unrecorded amounts (List)	

[3820B]

[3820D]

[3820F]

0

[3820]

[3830]

500

[3840]

% 2

[3850]

20. Percentage of aggregate indebtedness to net capital (line 19 / line 10)

% 0

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)

[3860]

SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	Expect to Renew
[4600]	[4601]	[4602]	[4603]	[4604]	[4605]
[4610]	[4611]	[4612]	[4613]	[4614]	[4615]
[4620]	[4621]	[4622]	[4623]	[4624]	[4625]
[4630]	[4631]	[4632]	[4633]	[4634]	[4635]
[4640]	[4641]	[4642]	[4643]	[4644]	[4645]
[4650]	[4651]	[4652]	[4653]	[4654]	[4655]
[4660]	[4661]	[4662]	[4663]	[4664]	[4665]
[4670]	[4671]	[4672]	[4673]	[4674]	[4675]
[4680]	[4681]	[4682]	[4683]	[4684]	[4685]
[4690]	[4691]	[4692]	[4693]	[4694]	[4695]
TOTAL			0		
\$					
			[4699]		
Omit Pennies					

Instructions Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

STATEMENT OF CHANGES

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1.	Balance, beginning of period		<u>35,341</u>
			[4240]
	A. Net income (loss)		<u>-3,202</u>
			[4250]
	B. Additions (includes non-conforming capital of	<u></u>	<u></u>
		[4262])	[4260]
	C. Deductions (includes non-conforming capital of	<u></u>	<u></u>
		[4272])	[4270]
2.	Balance, end of period (From item 1800)		<u>32,139</u>
			[4290]

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3.	Balance, beginning of period	<u></u>
		[4300]
	A. Increases	<u></u>
		[4310]
	B. Decreases	<u></u>
		[4320]
4.	Balance, end of period (From item 3520)	<u>0</u>
		[4330]

US STERLING SECURITIES, INC.

Financial Statements

December 31, 2007

US STERLING SECURITIES, INC.

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December 31, 2007

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C	Statement of Changes in Equity – For the Period Ended December 31, 2007	4
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	Computation of Net Capital Under SEC Rule 15c3-1	8
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Joseph P. DePietto, CPA's, PC
1981 Marcus Avenue, Suite C114
Lake Success, NY 11042
516-326-9200 (office)
516-326-1100 (fax)

INDEPENDENT AUDITORS' REPORT

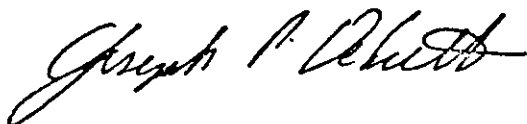
To the Officers and Directors of
US Sterling Securities, Inc.
700 Veterans Memorial Highway
Hauppauge, NY 11788

We have audited the accompanying statement of financial condition of US Sterling Securities, Inc. as of December 31, 2007 and the related statements of income, changes in equity, and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of US Sterling Securities, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Joseph P. DePietto, CPA's, PC
February 22, 2008

US STERLING SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2007

ASSETS

Current Assets		
Cash	\$ 24,078	
Clearing deposit	9,526	
Prepaid corporate taxes	<u>53</u>	
Total Current Assets		<u>33,657</u>
TOTAL ASSETS		<u>\$ 33,657</u>

LIABILITIES AND EQUITY

Current Liabilities		
Due to clearing	\$ <u>997</u>	
Total Current Liabilities		<u>997</u>
Equity (Deficit)		
Common stock	10	
Additional paid in capital	75,114	
Retained earnings	<u>(42,464)</u>	
Total Equity (Deficit)		<u>32,660</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 33,657</u>

See Accountants' Audit Report and Notes to Financial Statements.

US STERLING SECURITIES, INC.

STATEMENT OF INCOME

For the Period Ended December 31, 2007

Revenues:

Commissions	\$ 4,306
Miscellaneous income	335
Other income	<u>35,000</u>

Total Revenues	39,641
----------------	--------

Expenses:

Bank charges	\$ 1
Consulting expense	20,000
Clearing fees	12,633
License & fees	<u>2,978</u>

Total expenses	<u>35,611</u>
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Net Income	<u><u>\$ 4,030</u></u>
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See Accountants' Audit Report and Notes to Financial Statements.

US STERLING SECURITIES, INC.
STATEMENT OF CHANGES IN EQUITY (DEFICIT)
For the Period Ended December 31, 2007

	<u>Equity</u>
Balances - Beginning of year	\$ (46,494)
Net Income	<u>4,030</u>
Balances - at December 31, 2007	<u>\$ (42,464)</u>

See Accountants' Audit Report and Notes to Financial Statements.

US STERLING SECURITIES, INC.

STATEMENT OF CASH FLOWS

For the Period Ended December 31, 2007

Cash Flows from Operating Activities:

Net Income	\$ 4,030
Adjustments to reconcile net income to net cash flows from operating activities:	
Decrease in due from clearing broker	9,036
Decrease in due to clearing broker	<u>(1,046)</u>

Net Cash Provided by Operating Activities	<u>12,020</u>
---	---------------

Cash Flows from Financing Activities:

Net Cash Provided by Financing Activities	<u>-</u>
---	----------

Net Decrease in Cash	12,020
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Cash - Beginning of year	<u>12,058</u>
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Cash - End of Period	<u><u>\$ 24,078</u></u>
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See Accountants' Audit Report and Notes to Financial Statements.

US STERLING SECURITIES, INC.
Notes to Financial Statements
December 31, 2007

NOTE 1: Nature of Business

Organization

US Sterling Securities, Inc. (The "Company") was formed in the state of New York as a corporation. The company is a registered member in the Financial Industry Regulatory Authority (FINRA) as a broker/dealer and commenced operations in March 10, 1992. All of the Company's trades are cleared through its agent, First Southwest Company.

NOTE 2: Summary of Significant Accounting Policies

a) Revenue Recognition

Securities transactions (and the recognition of related income and expenses) are recorded on a settlement date basis, generally the third business day following the transaction date. There is no material difference between trade and settlement date.

b) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers demand deposited money market funds (net of haircuts) and U.S. treasury obligations to be cash and cash equivalents.

c) Income Taxes

As of the date of audit there was a prepaid corporate tax balance of \$ 53. There was no provision for corporate taxes accrued as of December 31, 2007. For financial statement purposes the prepaid corporate tax is shown as a current asset on the balance sheet. However, this prepaid corporate tax is being shown as net against accrued payables on the December 31, 2007 Focus Report.

d) Property and Equipment

Furniture, fixtures and equipment are carried at cost. Depreciation is provided by using the modified accelerated cost recovery system (MACRS) over an estimated useful life of three to ten years. The method is used for book and tax purposes and does not differ materially from Generally Accepted Accounting Principle (GAAP) depreciation methods.

Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains and losses on disposition of property and equipment are included in income.

See accompanying Independent Auditors' Report.

US STERLING SECURITIES, INC.
Notes to Financial Statements
December 31, 2007

NOTE 2: Summary of Significant Accounting Policies (cont.)

e) Use of Estimates in the Preparation of Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

NOTE 3: Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires broker dealers to maintain minimum net capital. The ratio of aggregate indebtedness to net capital, shall not exceed 15 to 1 for ongoing concerns. The company's current requirement is \$5,000. At December 31, 2007, the Company had a net capital of \$32,660 which was \$27,660 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.04 to 1.

NOTE 4: Concentration of Funds

The company does not maintain inventory of stocks, bonds or other security positions at risk.

NOTE 5: Disclosure of Statement of Financial Condition

A statement indicating that the Statement of Financial Condition of the most recent annual audit report of the broker or dealer pursuant to sec. 240.17a-5 is available for examination at the principal office of the broker or dealer and the regional or district office of the Securities & Exchange Commission for the region or district in which the broker or dealer has its principal place of business.

NOTE 6: Exemption Provisions

The Company has elected an exemption from Rule 15c3-3 based on section (2)(ii), which states that all customer transactions cleared through another broker-dealer be on a fully disclosed basis. The clearing firm being used is First Southwest Company.

SUPPLEMENTARY INFORMATION
PURSUANT TO RULE 17a-5 OF THE
SECURITIES EXCHANGE ACT OF 1934
AS OF DECEMBER 31, 2007

US STERLING SECURITIES, INC.**COMPUTATION OF NET CAPITAL
Under SEC Rule 15c3-1****For the Period Ended December 31, 2007****NET CAPITAL**

Equity	\$ 32,660
Deductions and/or charges Non-allowable assets:	
Total non-allowable assets	<u>-</u>
Tentative Net Capital	32,660
Haircuts	<u>0</u>
Net Capital (15c3-1)	<u><u>\$ 32,660</u></u>

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition:	
Due to clearing	\$ 997
Total indebtedness	<u><u>997</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital requirement	<u><u>\$ 5,000</u></u>
Excess net capital	<u><u>\$ 27,660</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>.04 to 1</u></u>

**DIFFERENCES TO NET CAPITAL COMPUTATION OF ORIGINAL FOCUS FILING IN
ACCORDANCE TO RULE 17a-5(a):**

	Original Filing X-17A-5	Per. Cert. Financial Report	Differences in Filing vs Financial
Total Net Assets	<u>\$ 32,639</u>	<u>\$ 33,657</u>	<u>\$ (1,018)</u>
Total Liabilities	500	997	(497)
Ownership Equity	<u>32,139</u>	<u>32,660</u>	<u>(521)</u>
Total Liabilities & Equity	<u><u>\$ 32,639</u></u>	<u><u>\$ 33,657</u></u>	<u><u>\$ (1,018)</u></u>

See Accountants' Audit Report and Notes to Financial Statements.

Joseph P. DePietto, CPA's, PC
1981 Marcus Avenue, Suite C114
Lake Success, NY 11042
516-326-9200 (office)
516-326-1100 (fax)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

Board of Directors and Stockholders
US Sterling Securities, Inc.
700 Veterans Memorial Highway
Hauppauge, NY 11788

In planning and performing our audit of the financial statements of US Sterling Securities, Inc. for the period December 31, 2007 we considered its internal control structure, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practice and procedures) followed by US Sterling Securities, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g)(1) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c-3-3.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures and of the practices and procedures can be expected to achieve the Commission's above mentioned objectives.

Two of the objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

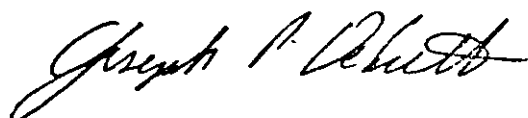
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected with a timely period by employees in the normal control structure that we considered to be material weaknesses as defined above, except for:

The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those internal control structure procedures that depend on the segregation of duties. Since this condition is inherent in the size of the Company, the specific weaknesses are not described herein and not corrective action has been taken or proposed by the Company.

The foregoing condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of US Sterling Securities, Inc. for the year ended December 31, 2007 and this report does not affect our report thereon dated February 22, 2008.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that except for the effect, if any, of the condition indicated in the preceding paragraph, the Company's practices and procedures were adequate at December 31, 2007 to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers/dealers and should not be used for any other purpose.



Joseph P. DePietto, CPA's, PC
Lake Success, New York
February 22, 2008

END